

Tobin & Co.

Springdale Township

Manistee County, Michigan

Audit Report

For the Year Ended March 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name*	Springdale Township	County*	Manistee	Type*	Township	MuniCode*	51-1130
Opinion Date-Use Calendar*	9/15/08	Audit Submitted-Use Calendar*	9/30/08	Fiscal Year End Month*	03	Fiscal Year*	2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies?
<input checked="" type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue:	? 148747
General Fund Expenditure:	? 143253
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	? 182289
Governmental Activities Long-Term Debt (see instructions):	? -0-

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)*	DAVID	Last Name*	BASLER	Ten Digit License Number*	1101013418
CPA Street Address*	400 E. Eighth St.	City*	Traverse City	State*	MI
				Zip Code*	49686
CPA Firm Name*	Robin & Co., PC	Unit's Street Address*		Unit's City*	
				Unit's Zip*	231 947-0151

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Springdale Township, Manistee County, for the year ended March 31, 2008 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Springdale Township taken as a whole.

As a result of our examination, we respectfully submit the following comments and recommendations.

General

The records were maintained in good order by your present Clerk and Treasurer. Recorded revenues were deposited timely and intact, journals and ledgers were properly posted, Board minutes were maintained in proper order, and supporting documents and follow-up procedures appeared to be in good order.

Budgets and Procedures

The Township prepared and adopted a budget for its General Fund. We noted that two cost centers of the General Fund exceeded their expenditures budget without formal amendment by the Board. See Note 2 of the Notes to the Financial Statements.

Property Tax Administration Fees

A 1% Property Tax Administration Fee is authorized by statute to offset such property tax administration costs as assessing, collecting and the review and appeal process. Fee collections may be used for no other purpose. Springdale Township levied this fee on its 2007 property taxes. The Township complied with statutory provisions as its administration expenses exceeded fee collections by \$6,614 for the audit year.

Property Tax Collections

1. 2007 property taxes collected were distributed to taxing units prior to the end of the fiscal year.
2. This function was well handled by the Treasurer
3. Schedule 3 reflects the amount levied, collected and returned delinquent for the 2007 property tax levy.

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Comments and Recommendations

Insurance and Surety Bond Coverage

Records indicate that the Township is insured through Municipal Underwriters of Michigan and has such coverage as Fire and Extended Coverage, General Liability, Workmen's Compensation, Errors and Omissions, and Crime Coverage. Board Minutes indicate that coverage was reviewed by the Board during the fiscal year. The Clerk, Treasurer, Deputy Clerk, Deputy Treasurer, Supervisor, and Caretaker have surety bond coverage.

Payroll Procedures

Payroll procedures and filing of payroll tax returns were handled in an appropriate manner by the Township Clerk, except as follows: When an election worker is employed in another capacity by the Township, payroll tax withholdings are required. This was not done.

Other Data

After the completion of our audit, we will submit two (2) copies of this report to the State Department of Treasury.

We appreciate the courtesy extended our field auditor in the course of this examination. Your confidence is respected, and please contact us if any questions arise.

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Springdale Township
Manistee County
Bear Lake, MI 49614

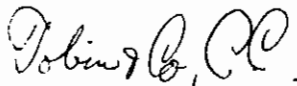
We have audited the accompanying financial statements of the governmental activities and each major fund of Springdale Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Springdale Township at March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Springdale Township's basic financial statements. The schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Springdale Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



Tobin & Co., P.C.
Certified Public Accountants
September 15, 2008

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SPRINGDALE TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Township Board of Springdale Township, Manistee County, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Springdale Township for the fiscal year ended March 31, 2008.

Financial Highlights

The assets of Springdale Township exceeded its liabilities at the close of the most recent fiscal year by \$238,603. Of this amount, \$182,289 may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, unreserved fund balance for the general fund was 127% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Springdale Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-section business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include: General Government, Public Safety, Public Works, and Recreation and Culture. The Township has no business-type activities.

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Springdale Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Springdale Township are categorized as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Springdale Township maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, considered to be a major fund. All Township government activities are included in this fund.

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The Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial resources because the resources of those funds are not available to support the Township's own programs.

The basic fiduciary fund financial statements can be found on page 13 of this report.

3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

General Fund Analysis and Highlights

Differences between the original general fund budget and the final amended budget were minimal changes. The decrease in the fire contract of \$5,280 was due to the fire contract negotiation. Springdale Township is now contracting with Maple Grove Fire Department.

Condensed Financial Information

	Net Assets	Governmental Activities and Total 3/31/08
Current Assets		\$ 182,997
Capital Assets		56,314
Total Assets		<u>239,311</u>
Current Liabilities		708
Long-term Debt		-
Total Liabilities		<u>708</u>
Net Assets:		
Investment in Capital Assets		
Net of Related Debt		56,314
Unrestricted		182,289
Total Net Assets		<u>\$ 238,603</u>
	Activities	3/31/08
Program Revenues:		
Charges for Services		\$ 25,151
Operating Grants		3,118
General Revenues:		
Property Taxes		64,941
State Shared Revenues		50,223
Other		5,314
Total Revenues		<u>148,747</u>
Expenses:		
Legislative		2,000
General Government		57,117
Public Safety		31,485
Public Works		11,104
Recreation and Culture		4,378
Other		10,431
Total Expenses		<u>116,515</u>
Change in Net Assets		<u>\$ 32,232</u>

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Capital Asset and Debt Administration

Capital Assets

The Township's investment in capital assets for its governmental activities as of March 31, 2008, amounts to \$56,314. This investment in capital assets includes: parcels of land, land improvements, Township Hall, Cemetery and Campground. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful lives. This fiscal year the amount by which capital outlays exceeded depreciation was \$26,738.

Cash Assets

At the end of the current fiscal year, the Township had \$182,997 in cash and other spendable assets. The Township is limited by State law in how it can invest these funds, and we have made no changes in our investment strategy in several years.

Long-term Debt

At the end of the current fiscal year, the Township had no bonded or installment debt outstanding.

Currently Known Facts, Decisions, or Conditions Affecting Significant Future Plans

Plans have been made to install electricity into the new pole building for use on maintenance of equipment and also to purchase tools for maintenance.

The Township Board has also briefly discussed the installation of a new roof on the older section of the hall. A new heating system is also a possibility in the township hall.

The Township Board has also discussed purchasing new tax collection software to be used starting in 2008. Manistee County may reimburse the Township for a significant portion of the cost as part of its effort to have all townships and villages utilize the same software.

Requests for Information

This financial report is designed to provide a general overview of Springdale Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Springdale Township Clerk, Donna Humphrey, 16600 Henry Road, Thompsonville, MI 49683 or Springdale Township Treasurer, Richard Hitchinghan, 17576 Moore Road, Thompsonville, MI 49683.

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Springdale Township Statement of Net Assets and Governmental Fund Balance Sheet March 31, 2008

<u>Assets</u>	<u>General Fund</u>	<u>Adjustments (Note 4)</u>	<u>Statement of Net Assets</u>
Cash	\$ 182,997	\$ -	\$ 182,997
Capital Assets			
Land	-	200	200
Other Capital Assets, Net of Depreciation	<u>-</u>	<u>56,114</u>	<u>56,114</u>
Total Assets	<u>\$ 182,997</u>	<u>56,314</u>	<u>239,311</u>
<u>Liabilities</u>			
Accounts Payable and Accruals	<u>708</u>	<u>-</u>	<u>708</u>
Total Liabilities	<u>708</u>	<u>-</u>	<u>708</u>
<u>Fund Balances/Net Assets</u>			
Fund Balance			
Restricted	-		
Unrestricted	<u>182,289</u>	(182,289)	-
Total Fund Balances	<u>182,289</u>		
Total Liabilities and Fund Balances	<u>\$ 182,997</u>		
<u>Net Assets</u>			
Invested in Capital Assets		56,314	56,314
Unrestricted		<u>182,289</u>	<u>182,289</u>
		<u>\$ 56,314</u>	<u>\$ 238,603</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

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Springdale Township Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances For the Year Ended March 31, 2008

	General Fund	Adjustments (Note 5)	Statement of Activities
Expenditures/Expenses:			
Legislative	\$ 2,000	\$ -	\$ 2,000
General Government	55,632	1,485	57,117
Public Safety	31,485	-	31,485
Public Works	11,104	-	11,104
Recreation and Culture	3,795	583	4,378
Other	9,709	-	9,709
Capital Outlay	<u>29,528</u>	<u>(28,806)</u>	<u>722</u>
Total Expenditures/Expenses	<u>143,253</u>	<u>(26,738)</u>	<u>116,515</u>
Program Revenues:			
Charges for Services	25,151	-	25,151
Operating Grants and Contributions	<u>3,118</u>	<u>-</u>	<u>3,118</u>
Total Program Revenues	<u>28,269</u>	<u>-</u>	<u>28,269</u>
Net Program Revenues (Expenses)	(114,984)	26,738	(88,246)
General Revenues:			
Property Taxes	64,941	-	64,941
State Shared Revenues	50,223	-	50,223
Interest	4,733	-	4,733
Miscellaneous	<u>581</u>	<u>-</u>	<u>581</u>
Excess Revenues (Expenditures)	5,494	26,738	
Change in Net Assets			32,232
Fund Balance/Net Assets:			
Beginning of the Year	<u>176,795</u>	<u>29,576</u>	<u>206,371</u>
End of the Year	<u>\$ 182,289</u>	<u>\$ 56,314</u>	<u>\$ 238,603</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

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Springdale Township
Statement of Fiduciary Net Assets
March 31, 2008

	<u>Agency Funds</u>
Assets	
Cash	\$ <u>4,443</u>
Total Assets	<u>4,443</u>
Liabilities	
Undistributed Taxes and Interest	<u>4,443</u>
Total Liabilities	<u>4,443</u>
Net Assets	<u>\$ -</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

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Springdale Township

Notes to Financial Statements

March 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Springdale Township is a general law township located in Manistee county. Population as of the 2000 census was 730, and the current taxable value is \$34,940,867.

The Township's general purpose financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*", includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not include.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

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Springdale Township

Notes to Financial Statements

March 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – This Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

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Springdale Township

Notes to Financial Statements

March 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

The General Fund is under formal budgetary control. The budget shown in the financial statements for this fund were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budgets approved and amended by the Township.

In the body of the financial statements, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	15 – 30 years
Buildings	40 – 60 years
Building Improvements	15 – 30 years
Furniture and Fixtures	3 – 5 years
Equipment	3 – 5 years
Vehicles	3 – 5 years

F. Property Tax Procedures and Collections

Properties are assessed as of December 31, and the related property taxes become a lien the following December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

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Springdale Township

Notes to Financial Statements

March 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Tax Procedures and Collections (continued)

During the collection period prior to March 1, the Township Treasurer makes distribution of property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	<u>SEV</u>	<u>Taxable Value</u>	<u>Millage Rate</u>
General Operating	\$60,420,750	\$34,940,867	1.2864

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provision of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2008.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2008, the following cost centers overexpended their budgets without formal Board amendment:

Public Utilities	\$ 1,187
Capital Outlay	\$ 29,528

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Springdale Township

Notes to Financial Statements

March 31, 2008

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Board, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- I. In bonds, securities, and other direct obligations of the United States or an agency or instrumentality of the United States.
2. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
3. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
4. Repurchase agreements consisting of instruments defined in (1) above.
5. In bankers' acceptances of United States Banks.
6. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$222,509 deposited with local banks at March 31, 2008 with a carrying value of \$187,440. Interpreting the FDIC insurance coverage of \$100,000 per demand deposit account and \$100,000 per time deposit account in each depository, the Township had no uninsured deposits at March 31, 2008.

NOTE 4 - EXPLANATION OF CERTAIN ADJUSTMENTS BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

Net capital assets of \$56,314 used in governmental activities are not financial resources and therefore are not reported in the fund.

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Springdale Township

Notes to Financial Statements

March 31, 2008

NOTE 5 - EXPLANATION OF CERTAIN ADJUSTMENT BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. Capital outlay exceeded depreciation by \$26,738 for the year.

NOTE 6 - CAPITAL ASSETS

Capital assets of governmental activities consisted of the following at March 31,

	<u>03/31/07</u>	<u>Additions</u>	<u>Dispo- sitions</u>	<u>03/31/08</u>
Land and Land				
Improvements	\$ 8,478	\$ -	\$ -	\$ 8,478
Buildings and				
Improvements	16,897	28,806	-	45,703
Equipment	20,617	-	-	20,617
Less Accumulated				
Depreciation	<u>(16,416)</u>	<u>(2,068)</u>	<u>-</u>	<u>(18,484)</u>
Total	<u>\$ 29,576</u>	<u>\$ 26,738</u>	<u>\$ -</u>	<u>\$ 56,314</u>

NOTE 7 - LONG-TERM DEBT

There is no long-term debt at March 31, 2008 and no borrowing is anticipated in the near future.

NOTE 8 - INVENTORIES

Springdale Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses at time of purchase.

NOTE 9 - PENSION PLAN

The Township has a defined contribution pension plan for its officials and eligible employees which began May 1, 1995. Total contribution is 12% of eligible payroll with one-half paid by employees through payroll withholding. Covered payroll was \$10,397 for the audit year out of a total payroll of \$43,270. Township unreimbursed contribution for the audit year was \$1,186. The Township Clerk is the plan administrator.

Tobin & Co.

Springdale Township

Notes to Financial Statements

March 31, 2008

NOTE 10- CONTINGENT LIABILITIES

Township officials are aware of no contingent liabilities.

NOTE 11- PROPERTY TAX ADMINISTRATION FEES

As permitted by statute, the Township levied a 1% administration fee on all 2007 taxes. These fees may be used only to offset such property tax administration costs as assessing, collecting and the review and appeal process. For the audit year, administration costs exceeded fee collections by \$6,614.

NOTE 12- COMPENSATED ABSENCES

The Township has no compensated absence obligations at March 31, 2008.

NOTE 13- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL DATA SECTION

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Springdale Township

Schedule 1

Page 1

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

General Fund

For the Year Ended March 31, 2008

Revenues	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Current Taxes	\$ 36,000	\$ 36,000	\$ 38,930	\$ 2,930
Delinquent Taxes	-	-	5,276	5,276
Swamp Tax	-	-	7,760	7,760
Property Tax Administration Fees and Summer Tax Collection Fees	10,650	10,650	12,975	2,325
Licenses and Permits:				
Building Permits	14,500	14,500	14,592	92
State Grants:				
State Shared Revenues	53,000	53,000	50,223	(2,777)
Metro Act	-	-	3,118	3,118
Charges for Services:				
Healy Lake Camping Fees	10,800	10,800	9,289	(1,511)
Cemetery Lot Sales	300	300	200	(100)
Land Split Fees	500	500	180	(320)
Interest and Rents:				
Interest	2,800	2,800	4,733	1,933
Rents	1,000	1,000	890	(110)
Royalties	800	800	541	(259)
Other:				
Miscellaneous	-	-	40	40
Total Revenues	130,350	130,350	148,747	18,397
<u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	2,000	-
Total	2,100	2,100	2,000	100
Total Legislative	2,100	2,100	2,000	100

The notes to the basic financial statements are an integral part of this statement.

Tobin & Co.

Springdale Township

Schedule 1

Page 2

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

General Fund

For the Year Ended March 31, 2008

<u>Expenditures (Continued)</u>	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	7,000	-
Office Supplies	-	-	16	-
Dues	-	-	583	-
Total	<u>7,600</u>	<u>7,620</u>	<u>7,599</u>	<u>21</u>
Assessor:				
Contractual Services	-	-	11,599	-
Mileage	-	-	292	-
Other	-	-	1,306	-
Total	<u>13,899</u>	<u>13,899</u>	<u>13,197</u>	<u>702</u>
Elections:				
Salaries and Wages	-	-	635	-
Mileage	-	-	167	-
Education and Training	-	-	85	-
Other	-	-	53	-
Total	<u>1,750</u>	<u>1,750</u>	<u>940</u>	<u>810</u>
Clerk:				
Salaries and Wages	-	-	7,500	-
Salaries and Wages – Deputy	-	-	1,000	-
Office Supplies	-	-	2,000	-
Total	<u>10,500</u>	<u>10,500</u>	<u>10,500</u>	<u>-</u>
Board of Review:				
Salaries and Wages	-	-	892	-
Mileage	-	-	17	-
Education and Training	-	-	128	-
Total	<u>1,550</u>	<u>1,750</u>	<u>1,037</u>	<u>713</u>

The notes to the basic financial statements are an integral part of this statement.

Tobin & Co.

Springdale Township

Schedule 1

Page 3

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

General Fund

For the Year Ended March 31, 2008

<u>Expenditures (Continued)</u>	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Treasurer:				
Salaries and Wages	-	-	7,000	-
Salaries and Wages – Deputy	-	-	600	-
Office Supplies	-	-	1,325	-
Total	9,600	9,600	8,925	675
Township Hall and Grounds:				
Salaries and Wages	-	-	1,387	-
Mileage	-	-	592	-
Maintenance and Repairs	-	-	2,752	-
Total	5,000	7,700	4,731	2,969
Cemetery:				
Salaries and Wages	-	-	1,196	-
Mileage	-	-	50	-
Maintenance and Repairs	-	-	851	-
Total	3,200	3,200	2,097	1,103
Miscellaneous:				
Contract Services	2,000	2,000	1,143	857
Tax Roll	5,500	5,500	5,463	37
Total	7,500	7,500	6,606	894
Total General Government	60,599	63,519	55,632	7,887
Public Safety:				
Fire Protection:				
Contractual Services	24,000	18,720	18,000	720

The notes to the basic financial statements are an integral part of this statement.

Tobin & Co.

Springdale Township

Schedule 1

Page 4

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

General Fund

For the Year Ended March 31, 2008

Expenditures (Continued)	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Public Safety (Continued):				
Building Inspectors:				
Salaries and Wages	-	-	13,255	-
Office Supplies	-	-	230	-
Total	15,000	15,000	13,485	1,515
Total Public Safety	39,000	33,720	31,485	2,235
Public Works:				
Public Utilities	7,660	9,720	10,907	(1,187)
Roads	3,941	3,941	92	3,849
Land Splits	250	250	105	145
Total Public Works	11,851	13,911	11,104	2,807
Recreation and Culture:				
Library	500	500	500	-
Healy Lake Campground:				
Salaries and Wages	-	-	1,144	-
Mileage	-	-	531	-
Maintenance and Repairs	-	-	1,620	-
Total	6,000	6,000	3,295	2,705
Total Recreation and Culture	6,500	6,500	3,795	2,705
Other:				
Employee Benefits and Insurance	10,300	10,600	9,709	891
Capital Outlay	-	-	29,528	(29,528)
Total Expenditures	130,350	130,350	143,253	(12,903)
Excess Revenues (Expenditures)	\$ -	\$ -	5,494	\$ 5,494
Fund Balance – Beginning of Year			176,795	
Fund Balance – End of Year			\$ 182,289	

The notes to the basic financial statements are an integral part of this statement.

Tobin & Co.

Springdale Township

Schedule 2

Statement of Changes in Assets and Liabilities

Current Tax Collection Fund

For the Year Ended March 31, 2008

<u>Assets</u>	<u>Balance 3/31/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/08</u>
Cash	\$ 4,301	\$ 961,306	\$ 961,164	\$ 4,443
Total Assets	\$ 4,301	\$ 961,306	\$ 961,164	\$ 4,443
 <u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 4,301	\$ 961,306	\$ 961,164	\$ 4,443
Total Liabilities	\$ 4,301	\$ 961,306	\$ 961,164	\$ 4,443

The notes to the basic financial statements are an integral part of this statement.

Tobin & Co.

Springdale Township

Schedule 3

2007 Property Tax Levy and Collections

For the Year Ended March 31, 2008

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County	(1) 8.3221	\$ 283,293	\$ 257,762	\$ 25,531
State Education	6.0000	204,296	188,083	16,213
School District	19.3500	392,725	347,858	44,867
School District	22.2000	21,824	20,365	1,459
Intermediate School District	2.9334	93,958	83,780	10,178
Intermediate School District	2.0873	4,182	3,557	625
Community College	3.0907	6,193	5,267	926
Township -- General	1.2864	<u>43,778</u>	<u>38,930</u>	<u>4,848</u>
Total		<u>\$ 1,050,249</u>	<u>\$ 945,602</u>	<u>\$ 104,647</u>
Percent of Levy Collected	90.04%			

(1) Includes Library, Medical Care Facility, 911, Public Transportation, Council on Aging extra voted millages.

The notes to the basic financial statements are an integral part of this statement.

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Springdale Township

Schedule 4

Statement of Revenues, Expenditures and Balance

Property Tax Administration Fees

For the Year Ended March 31, 2008

Revenues

Property Tax Administration Fees and Summer Tax Collection Fees	\$ <u>12,975</u>
Total	<u>12,975</u>

Expenditures

Assessor	13,197
Board of Review	1,037
Treasurer – 60%	<u>5,355</u>
Total	<u>19,589</u>
Excess (Expenditures)	\$ <u>(6,614)</u>

The notes to the basic financial statements are an integral part of this statement.

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To the Township Board
Springdale Township

We have audited the financial statements of Springdale Township for the year ended March 31, 2008 and have issued our report thereon dated September 15, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 24, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable but not absolute assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist but not be detected by us.

As part of our audit, we considered the internal control of Springdale Township. Such consideration was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Internal Control

In planning and performing our audit, we considered the internal control over financial reporting of the Township as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to

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initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider each of the following significant deficiencies to be a material weakness.

Segregation of Duties

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the administrative staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected in the normal course.

Reporting Financial Data

The above definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles ("GAAP"). As a matter of convenience, the Township has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Township has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Township has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other townships of its size.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Springdale Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-2008. We noted no transactions entered into by the Township during the year that were both significant and unusual and of

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which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. However, none of management's estimates are considered to be particularly sensitive.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township, either individually or in the aggregate, indicates matters that could have a significant effect on the Township's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the

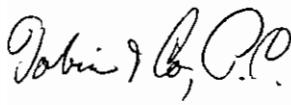
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Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

No Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Township Board and management of Springdale Township and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Tobin & Co., P.C.", written in dark ink.

Tobin & Co., P.C.

September 15, 2008